

KM Plastics Manufacturers (Business Plan)

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Company Description

The company will produce a wide range of plastic bottles not only for consumers but for producers as well. These plastic bottles can be consumed directly by the consumers for water carriage etc. The company will also produce bottles for businesses producing filtered water, juices, and soft drinks. The company will also be able to cater the needs of the companies linked to the chemicals. The company has the advantage as there is no big brand to compete with therefore the market is quite open.

Business Opportunity

The demographical advantage is an important thing in business. The main focus of the company is on the big buyer. The companies producing products using the plastic bottles can be potential buyers so operating the company near the industrial area can bring a lot of business opportunities. Majority of small beverage industries do not produce their own bottles so targeting them can be a great idea as it can bring some big orders.

The chemical industry is itself a big industry and has a lot of brands working. The bottle production plants are not normally included in the production layout of chemical factories. They mostly buy the bottles and that can bring a whole lot of business opportunities. They mostly do contracts with the suppliers and if the quality of the bottle is up to the mark these contracts run for long terms. If the bottles are serialized properly

by the manufacturers it can actually be more of a competitive advantage for the manufacturing company.

There are a lot of opportunities open to being grabbed as there are no stable big brands in this field unlike most of the fields. This market has still to offer a lot of opportunities.

There are companies producing juices and carbonated water which can also use the plastic bottles. These companies don't normally produce their own bottles especially the ones operating on a smaller scale. They look for local suppliers of the plastic bottles.

Lack of big brands also produces the problem of consistently good quality of the product.

Local suppliers don't normally produce the best or consistent quality product because they lack the proper planning and the quality control management. This brings out a whole new set of opportunities for the business as by making the process more efficient and well-planned it will become much easier to attract the potential customers and stay in business with them for a longer period of time.

The price levels of this product are not too difficult to compete with as well. The price and quality mismatch is seen widely in this product manufacturing. As there are only small-scale manufacturers their pricing strategy is normally not that well-thought and analyzed.

Sales and Marketing Strategy

The strategy for making maximum sales and optimum marketing level is to be designed very carefully. First, it is important to finalize the market segment that has to cater. Then and only then a sound and dependable marketing and sales strategy can be designed.

The product needs to be finalized and then the price is to be determined. Competitive analysis is needed at every point in designing a strategy to get maximum business output with the optimum use of the input.

Initially, the company will work on winning the contract in one market. When the company has a smooth and stable hold over one market it can move towards the relevant markets. Initially, the company will focus on making the bottles for beverages, juices and mineral water producing companies. Once the company has a strong hold over that market it can turn towards the manufacturing plastic bottles for chemicals producing companies.

4P's analysis is always helpful when it comes to designing a strategy for the business.

Product

The product being offered by KM Plastics is something the buyer is very choosy about. The quality of the product is very important even if there are small issues with a couple of samples whole order can get canceled. Companies producing mineral water are especially concerned about the opaqueness of the bottle they are purchasing. As the targeted market is selling the product which is edible there is always a risk or order cancellation if the quality is compromised at any point.

KM Plastics will never compromise on the quality of their product because doing so can get it into big trouble. As a small set-up, it cannot bear the weight of angry clients and canceled orders. The company will also employ the recycling technique. Recycling brings a win-win situation for the company. It helps in making the process cost efficient

while there is no compromise on the quality of the product at all. This cost-effectiveness of the system gives a competitive advantage to the company over the rest of the companies. This cost-reduction helps the company in quoting a price to the buyer that is hard to compete with.

Plastic bottles are high in demand these days and a lot of small companies are producing them but the good part is that it is not that hard to out-run them. Strategies like recycling and no compromise on the quality can easily help the company beat its competitors.

Pricing

The pricing strategy used by KM Plastics will be penetration pricing. The company will quote a price as low as possible. This will help company win contracts initially. As there is no brand advertisement in this industry the only thing that can bring a company in limelight for the buyers is good quality at good price. The company will mainly focus on the PET bottle orders. If the company is able to win contracts of PET bottles because of the right pricing strategy it can prove to be very fruitful for the company's future. Orders of PET plastic bottles are considered to be premium orders in the field of plastic bottle manufacturers.

Place

Firstly it is important to analyze the right place to start a business a survey needs to be done. The place should not only be closer to potential clients but also it should be kept in mind that the area should be such a place where the potential clients are in bulk but the suppliers are minimum. Another factor that needs to keep in mind is that the

suppliers in the area being chosen should be analyzed as well. The quantity and quality they are maintaining are also to be considered. Moreover, it is also a good idea to find out how many of the potential clients are doing long-term business with one of the local and close-by suppliers. another factor that needs to be analyzed about the place is that the company will need a warehouse near the manufacturing site to store the bottles and raw material. Availability of this warehouse is important at the place where the company will start the operations.

Promotion

To promote the company conventional ways can be used in addition to social media campaign. Conventional ways are to be used because the potential client base of the company is a very old school but if the company will think about extending the market towards the domestic users then social media can become a strong tool for the company. For the beverage companies, the company needs to give ads and try to get a one-on-one meeting with the higher officials to convince them that we are the best option and they should do business with KM Plastics.

Operational Strategy

Operational strategy is very important for the sustainability of the company. if the operations are not managed properly it can cause a lot of trouble financially as well. if the company is not maintaining the operations such that the inventory and orders are being managed in the right way. Initially, the company will start with low production rate so that the inventory does not overflow. The inventory and raw material should be monitored closely in order to run the business smoothly. If the inventory rises much

more than required by the company it is nothing but a waste of time, resources, and space.

The raw material, on the other hand, has to be maintained as well. if the raw material is not enough at any point of time it can cause a shutdown of production and that can be a very expensive deal for the company. if the raw material is available in much more quantity than needed it can also create trouble because it is again a waste of resources, space, and money as well.

Initially, the orders would be not as much so the company will start with a small number of workforces to maintain not so big inventory. Later when the orders start to raise the inventory would also be greater. The company will buy enough time to process the raw material into a finished product for the orders but the inventory will come handy from time to time when there are urgent orders or some small orders in which the buyer cannot wait much longer for the company to complete the production process.

In order to maintain a smooth process of operations, the company will do a sensible and proper hiring. This is important because hiring and firing the workforce again and again can get a bad reputation to the company and paying big workforce when there are not enough orders do not make any sense financially. Therefore it is important that the company maintains a decent number of workers and initially if needed some part-time jobs could be floated in market.

Financial Plans

Total Project Cost

Components of Project Cost				
Amt. in Nu.				
Particulars	Forex. Component	Domestic Components	Total Cost	Remarks
Land		-	-	Lease
Site Development				
Civil Works				
Construction of Plant House		609,900		
Total Cost		609,900	609,900	
Plant and Machinery		2,179,320		
Miscellaneous Fixed Assets		208,325		
Transportation		45,000		
Installation		123,682		

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Cost				
Total		2,556,327	2,556,327	
Preliminary Expenses				
Total Preliminary Expenses			-	
Interest During Construction			-	
Total				2,617,227

Fixed Assets Cost

CAPITAL FIXED ASSETS WITH DEPRECIATION					
PARTICULARS	Unit	Unit	Total	Yearly	Monthly
	s	Cost	Amount	Dep	Dep
Construction of Plant House	1	792,870	792,870	23,786	1,983

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Total		792,870	792,870	23,786	1,983
Plant and Machinery					
Injection Machine (HY-1500)	1	783,900	783,900	117,585	9,799
Auxiliary Equipment:		-	-	-	-
Plastic Dryer (XHD-100KG)	1	26,130	26,130	3,920	326.95
Plastic Auto loader (XTL-600 GN)	1	26,130	26,130	3,920	326.95
Water Chiller (5P)	1	78,390	78,390	11,759	980
Cooling Tower (40TON)	1	36,147	36,147	5,422	451.75
Crusher (XFS-300)	1	146,328	146,328	21,949	1,829
Preform Mold (12cavity)	1	337,680	219,492	32,924	2,744

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Cap Mold (24cavity)	1	329,238	329,238	49,386	4,116
Full automatic slitting machine (cap)	1	95,375	95,375	14,307	1,192
Semi-automatic mould blowing machine (HY-B- I) 2 cavity:		-	-	-	-
Stretch Blow Equipment and Rotary infrared pre- heater	1	174,200	174,200	26,130	2,178
High pressure air compressor	1	99,730	99,730	14,960	1,247
High pressure pipe	1	8,710	8,710	1,307	109.2
Air filter (2 nos)	1	9,581	9,581	1,437	119.6
Air cold dryer	1	39,631	39,631	5,945	495.3
Blowing mold	1	15,678	15,678	2,352	196.3

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(500ml)					
Blowing mold (1000ml)	1	19,162	19,162	2,874	239.85
Electrical Fittings			52,000	7,800	650
Accessories tools			19,500	2,925	243.75
Total			2,179,320	10,725	894
Miscellaneous Fixed Assets					
Sintex Water Tank (2000l)	1	13,000	13,000	1,950	162.5
Desktops Computer	5	22,750	113,750	17,063	1,422
Executive Table	1	4,875	4,875	731	61.1
Writing Table	5	4,500	14,625	2,194	182.65
Revolving Chair	1	5,525	5,525	829	68.9
Wooden Chair	10	3,000	19,500	2,925	243.75
File Rack	2	3,250	6,500	975	81.25
Printer	1	16,250	16,250	2,438	203.45

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Telephone	1	1,300	1,300	195	16.25
Office Stationeries	1	9,750	9,750	1,463	122.2
Miscellaneous	1	3,250	3,250	487.5	40.95
Total			208,325	31,249	2,604
TOTAL NET FIXED ASSETS			3,180,515	65,760	5,480

Inventory Cost Projection

PARTICULARS	UNIT	(kg)	MONTHLY	MONTHLY COST
	COST	Approx.	REQUIRED	
			(kg)	
PET Granules for bottle (per ton)	43,550	78	1,950	130,650
PP Granules for Caps (per ton)	45,640	9.75	243.75	17,115
Cardboard Carton (pcs)	5	162.5	4062.5	28,438

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Miscellaneous				3,250	
TOTAL				179,453	
PARTICULARS	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
PET Granules for bottle (per ton)	1,567,800	1,724,580	1,897,038	2,086,742	2,295,416
Cardboard Carton (pcs)	341,250	375,375	412,913	454,204	499,624
Miscellaneous	39,000	42,900	47,190	51,909	57,100
TOTAL	2,153,432	2,368,775	2,605,652	2,866,218	3,152,839
Note:					
	Inventory has been increased by 10% from second year onwards.				
	Only 25 working days has been considered for the production in each month.				
	Raw materials will be purchased from suppliers based in China, HebeiYuyin Trade Co.				

Man Power Cost

General Manager	1	18,000	216,000
Production Manager	1	9,900	118,800
Purchase Officer	1	8,100	97,200

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Accountant	1	8,100	97,200
Supervisor	1	6,300	75,600
Machine Operator (skilled worker)	4	21,600	259,200
Sales and marketing person	2	10,800	129,600
Guard cum storekeeper	1	4,500	54,000
Part-time labor and others		4,500	54,000
TOTAL	12	91,800	1,101,600

Particulars	Monthly	Year 1	Year 2	Year 3	Year 4	Year 5
Direct Labor	15,600	187,200	196,560	206,388	216,707	238,378
Salary & Allowances	47,450	569,400	597,870	627,764	659,152	725,067
Wages	3,250	39,000	40,950	42,998	45,148	49,662
Payroll (direct &	63,050	756,600	794,430	834,152	875,859	963,445

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salary						

Total Expenditure Projection

PARTICULARS	MONTHLY COST	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Advertising	1,950	23,400	23,400	23,400	23,400	23,400
Bank Charges	-	-	-	-	-	-
Credit card fees	-	-	-	-	-	-
Delivery expenses	3,250	39,000	42,900	47,190	51,909	57,100
Health insurance						
Insurance	2,275	27,300	27,300	27,300	27,300	27,300
Interest	9,061	108,731	86,445	63,251	39,112	13,989
Inventory purchases	179,453	2,153,432	2,368,775	2,605,652	2,866,218	3,152,839
Miscellaneous	1,300	15,600	26,400	18,876	20,764	22,840
Office expenses	-	-	-	-	-	-

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Payroll	63,050	46,256,60 0	794,430	834,152	875,859	963,445
Payroll taxes						
Professional fees	3,250	39,000	42,900	47,190	51,909	57,100
Rent or lease	5,899	70,785	77,864	85,650	94,215	103,636
Subscriptions & dues						
Supplies						
Taxes and licenses	2,925	591,373	678,226	774,081	879,860	982,758
Utilities & telephone	4,875	58,500	64,350	70,785	77,864	85,650
Others	29,900	358,800	384,930	413,186	443,755	479,101
Loan Principle	45,584	547,009	569,296	592,490	616,628	641,751
TOTAL	352,771	4,789,530	5,177,97 5	5,603,20 2	6,068,79 1	6,610,91 0